

Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending March 31, 2022
[Japan GAAP]

Prepared in accordance with accounting principles generally accepted in Japan
Translated from the original Japanese-language document

August 5, 2021

Daifuku Co., Ltd.

Stock code: 6383, First Section of Tokyo Stock Exchange

URL: www.daifuku.com/jp

Representative: Hiroshi Geshiro, President and CEO

Contact: Tetsuya Hibi, Corporate Officer, Finance and Accounting Division Manager

Tel: +81-6-6472-1261

Scheduled date for filing quarterly financial report: August 6, 2021

Scheduled date of commencing dividend payment: -

Quarterly earnings supplementary materials: Yes

Quarterly earnings presentation: Yes (for institutional investors and securities analysts)

Note: Figures are rounded down to the nearest one million yen.

1. Consolidated Financial Results for the First Quarter of Fiscal 2021

(April 1, 2021 - June 30, 2021)

(1) Operating results

(Figures in percentages denote the year-on-year change)

| | Net sales | | Operating income | | Ordinary income | | Net income attributable to shareholders of the parent company | |
|-------------------------------------|----------------|------------|------------------|-------------|-----------------|------------|---|------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| First quarter of fiscal 2021 | 120,220 | 5.5 | 10,517 | 16.5 | 10,856 | 9.9 | 7,726 | 4.5 |
| First quarter of fiscal 2020 | 113,968 | 18.5 | 9,025 | 40.5 | 9,877 | 50.8 | 7,394 | 41.4 |

Note: Comprehensive income

First quarter of fiscal 2021: 13,631 million yen 153.8%

First quarter of fiscal 2020: 5,370 million yen 6.9%

| | Net income per share | Diluted net income per share |
|-------------------------------------|----------------------|------------------------------|
| | Yen | Yen |
| First quarter of fiscal 2021 | 61.32 | — |
| First quarter of fiscal 2020 | 58.73 | — |

(2) Financial position

| | Total assets | Net assets | Equity ratio |
|-------------------------------------|----------------|----------------|--------------|
| | Million yen | Million yen | % |
| First quarter of fiscal 2021 | 454,787 | 269,415 | 58.1 |
| Fiscal 2020 | 445,456 | 262,012 | 57.7 |

Reference: Shareholders' equity

First quarter of fiscal 2021: 264,205 million yen

Fiscal 2020: 257,060 million yen

2. Dividends

| | Dividend per share | | | | |
|---------------------------|--------------------|--------|--------|--------|--------|
| | Q1-end | Q2-end | Q3-end | FY-end | Annual |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal 2020 | — | 30.00 | — | 50.00 | 80.00 |
| Fiscal 2021 | — | | | | |
| Fiscal 2021 (forecast) | | 35.00 | — | 50.00 | 85.00 |

Note: Revisions to the latest dividend forecast: None

3. Consolidated Earnings Forecast for Fiscal 2021

(April 1, 2021 - March 31, 2022)

(Percentage figures denote increases or decreases compared with the same period of the previous fiscal year.)

| | Net sales | | Operating income | | Ordinary income | | Net income attributable to shareholders of the parent company | | Net income per share |
|-----------|-------------|-----|------------------|-----|-----------------|-----|---|-----|----------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Interim | 240,000 | 4.3 | 20,500 | 4.2 | 21,100 | 3.7 | 15,000 | 1.8 | 119.08 |
| Full-year | 500,000 | 5.5 | 47,000 | 5.5 | 47,900 | 4.5 | 34,000 | 5.0 | 269.91 |

Note: Revisions to the latest consolidated financial forecast: None

Notes:

- (1) Changes in significant subsidiaries that affected the scope of consolidation during the first quarter: None
- (2) Adoption of specific accounting methods for preparing the quarterly consolidated financial statements: None
- (3) Changes in accounting policies, accounting estimates, and restatement
 - 1) Changes in accounting policies resulting from the revision of accounting standards and other regulations: Yes
 - 2) Changes in accounting policies other than 1): None
 - 3) Changes in accounting estimates: None
 - 4) Restatement: None
- (4) Number of shares issued (Common stock)
 - 1) Number of shares issued including treasury stock at the end of the period
First quarter of fiscal 2021: 126,610,077 shares
Fiscal 2020: 126,610,077 shares
 - 2) Number of treasury stock at the end of the period
First quarter of fiscal 2021: 594,416 shares
Fiscal 2020: 604,068 shares
 - 3) Average number of shares during the period (cumulative from the beginning of the fiscal year)
First quarter of fiscal 2021: 126,015,766 shares
First quarter of fiscal 2020: 125,915,408 shares

Note: The number of treasury stock at the end of the period includes shares owned by the Board Benefit Trust (BBT). The number of treasury stock at the end of the first quarter of the fiscal year ending March 31, 2022 includes 109,300 shares owned by the BBT. The number of treasury stock at the end of the fiscal year ended March 31, 2021 included 119,200 shares owned by the BBT.

These quarterly consolidated financial statements are not subject to audit through the certified public accountant or an audit firm.

Disclaimer

The consolidated earnings forecast contained in this document is based on information available to management at the present time and certain assumptions judged to be rational. As such, actual sales and income may differ from this forecast due to uncertain factors present in the forecast or future changes in business circumstances. For the earnings forecast, please see 1-(3) "Outlook for the fiscal year ending March 31, 2022.

Quarterly earnings supplementary materials are available at the [TDnet](#) and our website: www.daifuku.com/ir.

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1. Qualitative Information Relating to Quarterly Consolidated Financial Results

(1) Operating results

During the first quarter of the fiscal year under review, the global economy did at one point see a resumption of economic activity, aided by the start of vaccination campaigns against the COVID-19 pandemic from the second half of the previous fiscal year; however, the outlook remains uncertain given the spread of coronavirus variants and the uncertain timing of the end of the pandemic.

Amid these economic and business conditions, orders received by the Daifuku Group recovered significantly, mainly in Japan, from the same period of the previous fiscal year, when business negotiations were stagnant due to the impact of the COVID-19 pandemic. In addition, sales remained favorable.

Specifically, the Group received orders of 138,427 million yen, up 32.0% from the same period the previous fiscal year, and recorded sales of 120,220 million yen, up 5.5%.

Income increased, driven by increased sales of intralogistics systems for manufacturers and distributors and cleanroom systems for the semiconductor sector.

Consequently, the Group posted operating income of 10,517 million yen, up 16.5% from the same period the previous fiscal year, and ordinary income of 10,856 million yen, up 9.9%. Net income attributable to shareholders of the parent company was 7,726 million yen, up 4.5%.

The average exchange rates used for transactions during the first quarter of the fiscal year under review were 107.15 yen to the U.S. dollar (109.12 yen in the year-ago period), 0.0954 yen to the Korean won (0.0904 yen), and 16.46 yen to the Chinese yuan (15.52 yen). As a result of exchange rate fluctuations, orders increased in value by about 10.1 billion yen, compared with the year-ago period. Sales increased by about 0.9 billion yen, but the impact on operating income was minor.

Results by reportable segment

Results by reportable segment are described below. Orders from and sales to outside customers are presented as segment orders and sales, and quarterly net income attributable to shareholders of the parent company is recorded as segment income.

For more details about reportable segments, please see the "Segment information" below.

Of the Group, Japanese companies such as Daifuku Co., Ltd. and Contec Co., Ltd. close their books on March 31, while most non-Japan subsidiaries have their fiscal year-end on December 31. The first quarter shows the period from April to June 2021 for the former and the period from January to March 2021 for the latter.

Daifuku Co., Ltd.

Orders for intralogistics systems and automotive systems were strong, while orders for cleanroom systems remained firm.

Sales for intralogistics systems, cleanroom systems for the semiconductor sector, and automotive systems were favorable, benefiting from an extensive order backlog. Segment income rose, driven by increased sales and profitability in each business as a whole.

As a result, the Company recorded orders of 56,839 million yen, up 67.8% from the same period the previous fiscal year, sales of 56,026 million yen, up 10.7%, and segment income of 6,225 million yen, up 36.4%.

Contec Co., Ltd. and its subsidiaries

In the Japanese market, sales of each product remained firm, backed by recovering capital investment of manufacturers and healthy capital investment in the semiconductor sector.

In the U.S. market, sales declined mainly due to stagnant capital investment in the airport security sector and the sluggish pace of sales of products for the medical device sector. Segment income increased, bolstered by cost reduction through structural reforms.

As a result, Contec posted orders of 4,732 million yen, up 14.0% from the same period the previous fiscal year, sales of 3,493 million yen, down 12.0%, and segment income of 500 million yen, up 52.2%.

Daifuku North America Holding Company and its subsidiaries

In the United States, with the progress of vaccination, moves to ease or lift restrictions on economic activities have been accelerating. Orders remained favorable in intralogistics systems, driven by e-commerce projects, and cleanroom systems, while orders were firm in automotive systems. Meanwhile, in airport systems the figure fell short of the results of a year ago. Sales fell, given a reactionary fall in automotive systems that had received orders for a large project during the previous fiscal year.

Segment income increased as a whole, mainly reflecting the increased sales and profitability in airport systems and intralogistics systems.

As a result, Daifuku North America achieved orders of 30,543 million yen, up 24.9% from the same period the previous fiscal year, sales of 30,944 million yen, down 8.9%, and segment income of 1,396 million yen, up 11.8%.

Clean Factomation, Inc.

Although orders did not reach the figure of the same period the previous year when demand for semiconductors for data centers increased, sales were favorable based on the order backlog. Segment income remained firm.

As a result, Clean Factomation posted orders of 9,176 million yen, down 25.9% from the same period the previous fiscal year, sales of 10,183 million yen, up 40.6%, and segment income of 928 million yen, down 22.1%.

Other

The Group has a total of 67 consolidated subsidiaries worldwide. The Other segment includes all consolidated subsidiaries excluding the aforementioned Contec and its subsidiaries, Daifuku North America and its subsidiaries, and Clean Factomation. These companies primarily manufacture and sell material handling systems and equipment, and car wash machines. The status of major subsidiaries is as follows.

Japan subsidiaries

Daifuku Plusmore Co., Ltd. manufactures and sells car wash machines for service stations and car dealerships, and large vehicle wash machines for trucks and buses. Sales of units remained firm.

Non-Japan subsidiaries

The Group has production sites in China, Taiwan, South Korea, Thailand, India, and other regions, which also provide sales, installations and services, playing a global role in the optimal local production and procurement framework, through its businesses such as intralogistics systems and cleanroom systems.

In addition, the Group has subsidiaries in the regions of North and Central America, Asia, Europe, and Oceania, which provide sales, installations and services.

Orders rose from the same period the previous year, driven by large projects. Sales were favorable, underpinned by the order backlog. Segment income was affected by additional costs such as labor costs.

As a result, the segment reported orders of 37,136 million yen, up 23.6% from the same period the previous fiscal year, sales of 20,111 million yen, up 17.5%, and a segment loss of 535 million yen, a decrease of 939 million yen.

(2) Financial position

Assets, liabilities and net assets

Assets at the end of the first quarter of the fiscal year under review stood at 454,787 million yen, an increase of 9,330 million yen from the end of the previous fiscal year. The result principally reflected a decrease of 12,553 million yen in notes receivable, accounts receivable from completed construction contracts and other, and contract assets (compared to notes receivable, accounts receivable from completed construction contracts and other at the end of the previous fiscal year) and increases of 18,308 million yen in cash on hand and in banks and 2,071 million yen in raw materials and supplies.

Liabilities at the end of the first quarter of the fiscal year under review amounted to 185,371 million yen, an

increase of 1,928 million yen from the end of the previous fiscal year. Primary factors included an increase of 4,931 million yen in contract liabilities (compared to advances received on uncompleted construction contracts and other at the end of the previous fiscal year).

Net assets at the end of the first quarter of the fiscal year under review were 269,415 million yen, an increase of 7,402 million yen from the end of the previous fiscal year. This was mainly attributable to increases of 1,509 million yen in retained earnings and 5,728 million yen in foreign currency translation adjustments.

Cash flows

Cash and cash equivalents during the first quarter of the fiscal year under review increased 18,299 million yen from the end of the previous fiscal year, to 112,378 million yen.

Cash flows from operating activities

Cash provided by operating activities totaled 28,155 million yen (18,777 million yen in cash provided in the year-ago period). This was mainly attributable to decreases of 18,048 million yen in notes and accounts receivables and contract assets and 10,995 million yen in income before income taxes and non-controlling interests.

Cash flows from investing activities

Cash used in investing activities was 1,855 million yen (2,605 million yen in cash used in the year-ago period). Major factors included an outlay of 1,948 million yen for the purchase of property, plant and equipment.

Cash flows from financing activities

Cash provided in financing activities was 11,611 million yen (3,358 million yen in cash used in the year-ago period), mainly attributable to dividend payments of 6,304 million yen and the repayment of short-term borrowings of 4,911 million yen.

(3) Outlook for the fiscal year ending March 31, 2022

Daifuku Co., Ltd. has not revised its interim and full-year earnings forecasts for the fiscal year ending March 31, 2022, which were announced on May 11, 2021. For details, please refer to the summary (page 2).

During the first quarter, results were close to target, with increases in sales and income. In the second quarter and beyond, sales are expected to see firm progress based on sales from order backlogs posted at the end of the previous fiscal year and projects involving services.

Meanwhile, the interim orders forecast has been revised to 270 billion yen, down from the 290 billion yen that was announced on May 11, 2021. This is mainly due to the delay in receiving orders for large-scale airport system projects in the second half. The full-year order forecast has been revised up from 520 billion yen to 525 billion yen, given the strong performance of intralogistics systems.

2. Consolidated Financial Statements

(1) Consolidated balance sheets

(Million yen)

| | FY2020 (ended March 31, 2021) | FY2021 Q1 (ended June 30, 2021) |
|--|----------------------------------|------------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash on hand and in banks | 94,167 | 112,476 |
| Notes receivable, accounts receivable from completed construction contracts and other | 211,906 | — |
| Notes receivable, accounts receivable from completed construction contracts and other, and contract assets | — | 199,353 |
| Merchandise and finished goods | 6,355 | 6,926 |
| Costs incurred on uncompleted construction contracts and other | 13,670 | 10,582 |
| Raw materials and supplies | 16,325 | 18,397 |
| Other current assets | 8,749 | 9,590 |
| Allowance for doubtful accounts | (571) | (582) |
| Total current assets | 350,604 | 356,744 |
| Non-current assets: | | |
| Property, plant and equipment | 49,547 | 51,626 |
| Intangible assets | | |
| Goodwill | 4,212 | 4,313 |
| Other | 5,803 | 5,735 |
| Total intangible assets | 10,015 | 10,049 |
| Investments and other assets | | |
| Other | 35,454 | 36,438 |
| Allowance for doubtful accounts | (165) | (71) |
| Total investments and other assets | 35,289 | 36,367 |
| Total non-current assets | 94,852 | 98,043 |
| Total assets | 445,456 | 454,787 |
| LIABILITIES | | |
| Current liabilities: | | |
| Notes and accounts payable and construction contracts payable | 43,778 | 43,003 |
| Electronically recorded obligations - operating | 20,169 | 24,680 |
| Short-term borrowings and current portion of long-term borrowings | 15,543 | 11,883 |
| Income taxes payable | 9,907 | 5,264 |
| Advances received on uncompleted construction contracts and other | 34,263 | — |
| Contract liabilities | — | 39,195 |
| Provision for losses on construction contracts | 343 | 1,184 |
| Other current liabilities | 25,172 | 26,658 |
| Total current liabilities | 149,178 | 151,871 |

(Million yen)

| | FY2020 (ended March 31, 2021) | FY2021 Q1 (ended June 30, 2021) |
|--|----------------------------------|------------------------------------|
| Non-current liabilities: | | |
| Long-term borrowings | 19,600 | 19,100 |
| Liabilities for retirement benefits | 7,674 | 7,639 |
| Other reserves | 351 | 357 |
| Other non-current liabilities | 6,639 | 6,403 |
| Total non-current liabilities | 34,265 | 33,500 |
| Total liabilities | 183,443 | 185,371 |
| NET ASSETS | | |
| Shareholders' equity: | | |
| Common stock | 31,865 | 31,865 |
| Capital surplus | 21,980 | 21,980 |
| Retained earnings | 202,377 | 203,887 |
| Treasury stock | (941) | (901) |
| Total shareholders' equity | 255,282 | 256,831 |
| Accumulated other comprehensive income: | | |
| Net unrealized gain (loss) on securities | 4,376 | 4,297 |
| Deferred gain (loss) on hedges | (260) | (266) |
| Foreign currency translation adjustments | (1,425) | 4,302 |
| Accumulated adjustments on retirement benefits | (912) | (960) |
| Total accumulated other comprehensive income | 1,778 | 7,373 |
| Non-controlling interests: | | |
| Total net assets | 262,012 | 269,415 |
| Total liabilities and net assets | 445,456 | 454,787 |

(2) Consolidated statements of income and comprehensive income

(Million yen)

| | FY2020 Q1 (April 1, 2020 - June 30, 2020) | FY2021 Q1 (April 1, 2021 - June 30, 2021) |
|--|---|---|
| Net sales | 113,968 | 120,220 |
| Cost of sales | 94,125 | 99,261 |
| Gross profit | 19,843 | 20,959 |
| Selling, general and administrative expenses: | | |
| Selling expenses | 4,048 | 3,618 |
| General and administrative expenses | 6,769 | 6,823 |
| Total selling, general and administrative expenses | 10,818 | 10,442 |
| Operating income | 9,025 | 10,517 |
| Other income: | | |
| Interest income | 132 | 84 |
| Dividend income | 224 | 199 |
| Foreign exchange gains | 473 | — |
| Rent income | 55 | 57 |
| Miscellaneous income | 149 | 255 |
| Total other income | 1,036 | 596 |
| Other expenses: | | |
| Interest expenses | 149 | 114 |
| Foreign exchange losses | — | 120 |
| Miscellaneous expenses | 34 | 21 |
| Total other expenses | 184 | 257 |
| Ordinary income | 9,877 | 10,856 |
| Extraordinary income: | | |
| Insurance claim income | — | 208 |
| Other | 0 | 46 |
| Total extraordinary income | 0 | 255 |
| Extraordinary loss: | | |
| Loss on disposal or sales of property, plant and equipment | 21 | 115 |
| Other | — | 0 |
| Total extraordinary loss | 21 | 116 |
| Income before income taxes and non-controlling interests | 9,856 | 10,995 |
| Income taxes - current | 3,673 | 4,392 |
| Income taxes - deferred | (1,327) | (1,321) |
| Total income taxes | 2,346 | 3,071 |
| Net income | 7,510 | 7,924 |
| Net income attributable to: | | |
| Shareholders of the parent company | 7,394 | 7,726 |
| Non-controlling interests | 116 | 197 |

(Million yen)

| | FY2020 Q1 (April 1, 2020 - June 30, 2020) | FY2021 Q1 (April 1, 2021 - June 30, 2021) |
|--|---|---|
| Other comprehensive income | | |
| Net unrealized gain (loss) on securities | 585 | (79) |
| Deferred gain (loss) on hedges | (177) | (5) |
| Foreign currency translation adjustments | (2,759) | 5,828 |
| Adjustments on retirement benefits | 217 | (51) |
| Share of other comprehensive income (loss) of affiliates accounted for using the equity method | (6) | 14 |
| Total other comprehensive income (loss) | (2,140) | 5,706 |
| Comprehensive income: | 5,370 | 13,631 |
| Comprehensive income (loss) attributable to: | | |
| Shareholders of the parent company | 5,269 | 13,321 |
| Non-controlling interests | 101 | 309 |

(3) Consolidated statements of cash flows

(Million yen)

| | FY2020 Q1 (April 1, 2020 - June 30, 2020) | FY2021 Q1 (April 1, 2021 - June 30, 2021) |
|--|---|---|
| Cash flows from operating activities: | | |
| Income before income taxes and non-controlling interests | 9,856 | 10,995 |
| Depreciation | 1,516 | 1,708 |
| Interest and dividend income | (357) | (284) |
| Interest expenses | 149 | 114 |
| Decrease (increase) in notes and accounts receivables | 9,730 | — |
| Decrease (increase) in notes and accounts receivables and contract assets | — | 18,048 |
| Decrease (increase) in inventories | (4,425) | 1,290 |
| Increase (decrease) in notes and accounts payable | (423) | 1,116 |
| Increase (decrease) in advances received on uncompleted construction contracts | 936 | — |
| Increase (decrease) in contract liabilities | — | (1,449) |
| Other, net | 2,810 | 5,136 |
| Subtotal | 19,792 | 36,678 |
| Interest and dividend received | 357 | 283 |
| Interest paid | (158) | (82) |
| Income taxes refund (paid) | (1,374) | (9,224) |
| Other proceeds | 160 | 501 |
| Net cash provided by (used in) operating activities | 18,777 | 28,155 |
| Cash flows from investing activities: | | |
| Payments for purchase of property, plant and equipment | (2,468) | (1,948) |
| Proceeds from sales of property, plant and equipment | 3 | 4 |
| Proceeds from sales of investments in securities | — | 31 |
| Payments for purchase of investments in securities | (6) | (7) |
| Other, net | (134) | 64 |
| Net cash provided by (used in) investing activities | (2,605) | (1,855) |
| Cash flows from financing activities: | | |
| Increase (decrease) in short-term borrowings, net | 9,306 | (4,911) |
| Payments for purchase of treasury stock | (3) | (2) |
| Payments of cash dividends | (5,675) | (6,304) |
| Other, net | (268) | (392) |
| Net cash provided by (used in) financing activities | 3,358 | (11,611) |
| Effect of exchange rate change on cash and cash equivalents | (2,115) | 3,329 |
| Net increase (decrease) in cash and cash equivalents | 17,415 | 18,017 |
| Cash and cash equivalents at beginning of period | 70,883 | 94,079 |
| Increase (decrease) in cash and cash equivalents resulting from changes in scope of consolidation | 772 | 281 |
| Cash and cash equivalents at end of period | 89,071 | 112,378 |

(4) Notes on consolidated financial statements

Notes on going concern assumption

Not applicable

Notes for a material change in the amount of shareholders' equity

Not applicable

Changes in accounting policies

(Application of accounting standard for revenue recognition, etc.)

The Company began to apply the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020, hereinafter the "Revenue Recognition Accounting Standard") and the implementation guidance on the Revenue Recognition Accounting Standard from the first quarter under review. Accordingly, the Company recognizes revenue to depict the transfer of goods or services promised in the contract to customers in an amount that reflects the consideration that it expects to be entitled to in exchange for those goods or services. As a result, the Company has changed its method of recognizing revenue from construction contracts, under which the certainty of outcomes from portions in progress is acknowledged, to one that recognizes revenue over a certain period of time as the performance obligation is satisfied over time. The method selected for measuring progress toward satisfaction of a performance obligation is input methods based on cost incurred. The Company uses the cost recovery method to recognize revenue from construction contracts that do not allow for a reasonable estimate of the progress toward satisfying performance obligations.

For the application of the Revenue Recognition Accounting Standard and the like, the Company complies with the transitional handling prescribed in the provision in Section 84 of the same Standard. However, the cumulative effect of applying the new accounting standard retroactively to the periods prior to the beginning of the first quarter of the fiscal year under review has been recognized as an adjustment of the opening balance of retained earnings as of the beginning of the first quarter under review, and the application of the new accounting policy started from the balance at the beginning of the quarter concerned. The Company applied the method specified in paragraph 86 of the Revenue Recognition Accounting Standard and not applied the new accounting policy retroactively to such contracts, in which almost all revenue is recognized pursuant to the conventional treatment in the periods prior to the beginning of the first quarter under review. The Company has additionally adopted the method specified in item (1) of the supplementary provisions of paragraph 86 of the Revenue Recognition Accounting Standard, treated changes in contracts made prior to the beginning of the first quarter under review in accounting based on the contract conditions after applying all such changes, and recognized the cumulative effect of such changes as an adjustment of the opening balance of retained earnings at the beginning of the first quarter under review.

As a result, the effect on income statement line items for the first quarter of the fiscal year under review and the effect on the balance of retained earnings at the beginning of the period under review are

insignificant.

Due to the application of the Revenue Recognition Accounting Standard and other changes, "notes receivable, accounts receivable from completed construction contracts and other," which was an item under "current assets" in the consolidated balance sheet of the previous fiscal year, has been transferred to "notes receivable, accounts receivable from completed construction contracts and other, and contract assets" beginning in the first quarter of the fiscal year under review. "Advances received on uncompleted construction contracts and other," which was an item of "current liabilities," is presented as part of "contract liabilities" beginning in the first quarter of the fiscal year under review.

"Decrease (increase) in notes and accounts receivables" presented as part of "cash flows from operating activities" in the quarterly consolidated statements of cash flows for the first quarter of the previous fiscal year is presented under "decrease (increase) in notes and accounts receivables and contract assets" beginning in the first quarter of the fiscal year under review. "Increase (decrease) in advances received on uncompleted construction contracts and other" is presented as an item of "increase (decrease) in contract liabilities" from the first quarter under review.

Pursuant to the transitional treatment specified in paragraph 89-2 of the Revenue Recognition Accounting Standard, the reports for the previous fiscal year have not been reorganized using the new presentation method. Furthermore, in accordance with the transitional treatment stipulated in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), information on disaggregation of revenue from contracts with customers for the first quarter of the previous consolidated fiscal year is not disclosed.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company started applying the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019, hereinafter the "Fair Value Measurement Accounting Standard") and the implementation guidance on the Fair Value Measurement Accounting Standard from the first quarter under review. Accordingly, the Company will apply new accounting policies prescribed in the Fair Value Measurement Accounting Standard and the like in the future in accordance with the transitional handling stipulated in Section 19 of the same Standard and Section 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019).

The change has no effect on quarterly consolidated financial statements.

Segment information

I. The first quarter of the previous fiscal year ended March 31, 2021 (from April 1, 2020 to June 30, 2020)

1. Information relating to the amounts of net sales and income (loss) by reportable segment

(Million yen)

| | Reportable segment | | | | | Other* | Total |
|---------------------------------|--------------------|--------|-----------------------|-------------------|---------|--------|---------|
| | Daifuku | Contec | Daifuku North America | Clean Factomation | Total | | |
| Net sales | | | | | | | |
| Sales to external customers | 50,608 | 3,972 | 33,982 | 7,241 | 95,805 | 17,117 | 112,922 |
| Intersegment sales or transfers | 7,635 | 2,693 | 65 | 567 | 10,961 | 3,127 | 14,089 |
| Total | 58,244 | 6,665 | 34,048 | 7,808 | 106,767 | 20,244 | 127,011 |
| Segment income (loss) | 4,564 | 328 | 1,248 | 1,192 | 7,333 | 403 | 7,737 |

* "Other" represents an operating segment comprising subsidiaries that are not included in reportable segments.

2. Differences between total amounts of net sales and income (loss) of reportable segments and those in quarterly consolidated statements of income and comprehensive income and details thereof (matters relating to difference reconciliation)

(Million yen)

| | |
|--|----------|
| Net sales | |
| Reportable segment total | 106,767 |
| Net sales classified in "Other" | 20,244 |
| Elimination of intersegment transactions | (14,089) |
| Other adjustments for consolidation | 1,045 |
| Net sales in quarterly consolidated financial statements | 113,968 |

(Million yen)

| | |
|--|-------|
| Segment income | |
| Reportable segment total | 7,333 |
| Segment income classified in "Other" | 403 |
| Elimination of cash dividends from affiliates | (238) |
| Other adjustments for consolidation | (104) |
| Net income attributable to shareholders of the parent company in quarterly consolidated financial statements | 7,394 |

II. The first quarter of the fiscal year ending March 31, 2022 (from April 1, 2021 to June 30, 2021)

1. Information relating to the amounts of net sales and income (loss) by reportable segment

(Million yen)

| | Reportable segment | | | | | Other* | Total |
|---------------------------------|--------------------|--------|-----------------------|-------------------|---------|--------|---------|
| | Daifuku | Contec | Daifuku North America | Clean Factomation | Total | | |
| Net sales | | | | | | | |
| Sales to external customers | 56,026 | 3,493 | 30,944 | 10,183 | 100,648 | 20,111 | 120,759 |
| Intersegment sales or transfers | 8,537 | 3,384 | 146 | 567 | 12,636 | 1,636 | 14,273 |
| Total | 64,564 | 6,878 | 31,090 | 10,751 | 113,284 | 21,748 | 135,032 |
| Segment income (loss) | 6,225 | 500 | 1,396 | 928 | 9,050 | (535) | 8,514 |

* "Other" represents an operating segment comprising subsidiaries that are not included in reportable segments.

2. Differences between total amounts of net sales and income (loss) of reportable segments and those in quarterly consolidated statements of income and comprehensive income and details thereof (matters relating to difference reconciliation)

(Million yen)

| | |
|--|----------|
| Net sales | |
| Reportable segment total | 113,284 |
| Net sales classified in "Other" | 21,748 |
| Elimination of intersegment transactions | (14,273) |
| Other adjustments for consolidation | (539) |
| Net sales in quarterly consolidated financial statements | 120,220 |

(Million yen)

| | |
|--|-------|
| Segment income | |
| Reportable segment total | 9,050 |
| Segment income classified in "Other" | (535) |
| Elimination of cash dividends from affiliates | (412) |
| Other adjustments for consolidation | (375) |
| Net income attributable to shareholders of the parent company in quarterly consolidated financial statements | 7,726 |

3. Changes to reportable segments

As noted the changes in accounting policies, the Company began to apply the Revenue Recognition Accounting Standard in the first quarter of the fiscal year under review and changed its accounting process for revenue recognition. As a result, the method of calculating income and loss in the operating segments has been changed in the same manner.

Revenue recognition

Information of disaggregated revenue from contracts with customers

The first quarter of the fiscal year ending March 31, 2022 (from April 1, 2021 to June 30, 2021)

1. Disaggregation information by industry

(Million yen)

| | Reportable segment | | | | | Other* | Total |
|--|--------------------|--------|-----------------------|-------------------|---------|--------|---------|
| | Daifuku | Contec | Daifuku North America | Clean Factomation | Total | | |
| Automobile, auto parts | 4,277 | 22 | 4,367 | — | 8,667 | 5,078 | 13,745 |
| Electronics | 18,227 | 190 | 5,641 | 10,183 | 34,242 | 5,834 | 40,077 |
| Commerce, retail | 19,126 | 1,846 | 11,086 | — | 32,060 | 5,193 | 37,253 |
| Transportation, warehousing | 4,552 | 20 | 1,072 | — | 5,645 | 368 | 6,014 |
| Machinery | 1,519 | 238 | 89 | — | 1,847 | 242 | 2,090 |
| Chemicals, pharmaceuticals | 2,545 | 868 | 13 | — | 3,427 | 528 | 3,956 |
| Food | 2,335 | 0 | 401 | — | 2,737 | 351 | 3,089 |
| Iron, steel, nonferrous metals | 502 | 4 | 3 | — | 510 | 26 | 536 |
| Precision equipment, printing, office equipment | 1,214 | 257 | 1 | — | 1,472 | 108 | 1,581 |
| Airport | 139 | 8 | 7,229 | — | 7,377 | 2,179 | 9,557 |
| Other | 1,584 | 36 | 1,037 | — | 2,658 | 198 | 2,857 |
| Sales to external customers | 56,026 | 3,493 | 30,944 | 10,183 | 100,648 | 20,111 | 120,759 |
| Other adjustments for consolidation | — | — | — | — | — | — | (539) |
| Net sales in quarterly consolidated financial statements | — | — | — | — | — | — | 120,220 |

* "Other" represents an operating segment comprising subsidiaries that are not included in reportable segments.

2. Disaggregation information by destination

(Million yen)

| | Reportable segment | | | | | Other* | Total |
|--|--------------------|--------|-----------------------|-------------------|---------|--------|---------|
| | Daifuku | Contec | Daifuku North America | Clean Factomation | Total | | |
| Japan | 37,731 | 2,205 | — | — | 39,936 | 2,811 | 42,747 |
| Non- Japan | 18,295 | 1,288 | 30,944 | 10,183 | 60,711 | 17,300 | 78,011 |
| North America | 197 | 983 | 27,623 | 0 | 28,805 | 903 | 29,709 |
| Asia | 17,384 | 246 | 253 | 10,182 | 28,067 | 12,722 | 40,789 |
| China | 5,899 | 135 | 26 | 359 | 6,420 | 5,410 | 11,831 |
| South Korea | 2,391 | 36 | 1 | 9,823 | 12,253 | 1,993 | 14,246 |
| Taiwan | 9,011 | 37 | — | — | 9,048 | 3,089 | 12,138 |
| Other | 81 | 37 | 225 | — | 344 | 2,228 | 2,573 |
| Europe | 704 | 57 | 2,244 | — | 3,006 | 1,280 | 4,287 |
| Latin America | 1 | 0 | 572 | — | 573 | 598 | 1,172 |
| Other | 8 | 0 | 250 | — | 259 | 1,794 | 2,053 |
| Sales to external customers | 56,026 | 3,493 | 30,944 | 10,183 | 100,648 | 20,111 | 120,759 |
| Other adjustments for consolidation | — | — | — | — | — | — | (539) |
| Net sales in quarterly consolidated financial statements | — | — | — | — | — | — | 120,220 |

* "Other" represents an operating segment comprising subsidiaries that are not included in reportable segments.

3. Disaggregation information by timing of revenue recognition

(Million yen)

| | Reportable segment | | | | | Other* | Total |
|--|--------------------|--------|-----------------------|-------------------|---------|--------|---------|
| | Daifuku | Contec | Daifuku North America | Clean Factomation | Total | | |
| Performance obligations satisfied at a point in time | 9,331 | 2,669 | 3,436 | 178 | 15,615 | 5,081 | 20,697 |
| Performance obligations satisfied over time | 46,695 | 824 | 27,507 | 10,005 | 85,032 | 15,029 | 100,062 |
| Sales to external customers | 56,026 | 3,493 | 30,944 | 10,183 | 100,648 | 20,111 | 120,759 |
| Other adjustments for consolidation | — | — | — | — | — | — | (539) |
| Net sales in quarterly consolidated financial statements | — | — | — | — | — | — | 120,220 |

* "Other" represents an operating segment comprising subsidiaries that are not included in reportable segments.